

STATE OF WASHINGTON



OFFICE OF
INSURANCE COMMISSIONER

In the Matter of)	
)	
RED SHIELD INSURANCE)	CONSENT AND ORDER
COMPANY,)	TO PAY FINE
)	
)	NO. D05-107
an Authorized Insurer.)	
_____)	

FINDINGS AND CONCLUSIONS

- 1) RCW 48.05.435 requires every domestic insurer prepare and submit to the commissioner a report of its risk-based capital (RBC) levels as of the end of the calendar year just ended by March 1 of the present year.
- 2) The December 31, 2003, RBC filing was due March 1, 2004. The Company initially submitted the RBC filing on March 1, 2004. The filing was rejected for insufficiency. The RBC filing remains outstanding.
- 3) RCW 48.05.250 requires that before the first day of March each authorized insurer is to file with the commissioner a true statement of its financial condition, transactions, and affairs as of the thirty-first day of December preceding.
- 4) A part of the annual financial filing includes a Supplemental Compensation Exhibit. That portion of the 2003 annual filing was not accepted until May 6, 2004, over two months late.
- 5) WAC 284-07-050(5)(a) sets out the requirements for filing quarterly statements of financial condition. These financial statements are to be filed no later than 45 days after the end of the current calendar quarters.
- 6) The first quarter 2004 filing due May 17, 2004, was initially submitted and accepted May 18, 2004, one day late.

- 7) The second quarter 2004 filing due August 16, 2004, was initially submitted four days late on August 20, 2004, and was rejected for insufficiency. The filing was accepted August 25, 2004, seven days late.
- 8) The third quarter 2004 filing due November 15, 2004, was initially submitted on November 15, 2004 and was rejected for insufficiency. The filing was accepted December 16, 2004, about one month late.
- 9) Written notices of the Company's failure to file its financial filings were sent by the commissioner to the Company on March 16, 2004, April 28, 2004, May 3, 2004, June 2, 2004, November 30, 2004, and January 10, 2005.

CONCLUSION OF LAW

- 1) In failing to file the required financial information in a correct and timely manner Red Shield Insurance Company violated Chapter 48.05 RCW and Chapter 284-07 WAC.

CONSENT TO ORDER

NOW, THEREFORE, Red Shield Insurance Company consents to the following in consideration of the desire to resolve this matter without further administrative or judicial proceedings, and the Insurance Commissioner consents to settle the matter in consideration of the fine and such terms as are set for the below:

- 1) Pursuant to RCW 48.05.185 Red Shield Insurance Company consents to the foregoing Findings of Fact and Conclusion of Law as they pertain to these facts, consents to the entry of this Order and waives further administrative or judicial challenge to the OIC's actions related to the subject of this Order.
- 2) Within thirty days of the entry of the Order Red Shield Insurance Company agrees to pay to the OIC a fine in the amount of \$14,000, of which \$4,000 is suspended for a period of three years on condition that Red Shield Insurance Company shall not violate the provisions of the Washington State Insurance Code which are the subject of this Order.
- 3) Failure to pay the fine set forth in paragraph two shall constitute grounds for the revocation of the company's certificate of authority and for the recovery of the full fine, including the suspended portion.

- 4) Red Shield Insurance Company understands and agrees that failure to comply with the statutes and regulations which are the subject of this Order during the three-year period following entry of the Order shall constitute grounds for the recovery of the suspended portion of the fine.

EXECUTED this _____ day of _____, 2005

RED SHIELD INSURANCE COMPANY

By: _____

Title: _____

ORDER OF THE INSURANCE COMMISSIONER

NOW, THEREFORE, pursuant to the foregoing Findings of Fact, Conclusion of Law, and Stipulation, the Insurance Commissioner hereby Orders as follows:

- 1) Red Shield Insurance Company is hereby Ordered to pay a fine in the amount of \$14,000, of which \$4,000 is suspended for three years upon the condition that the company fully comply with the laws and regulations of the state of Washington which are the subject of this action.
- 2) Red Shield Insurance Company's failure to pay the fine within the time limit set forth above shall result in the revocation of the company's certificate of authority, and in recovery of both the suspended and unsuspended amounts of the fine in a civil action brought on behalf of the commissioner by the attorney general.

ENTERED AT TUMWATER, WASHINGTON this _____ DAY OF _____, 2005.

Mike Kreidler
Insurance Commissioner

By: _____
Mary M. Cotter
Staff Attorney, Legal Affairs